Innovation
A process whereby new scientific, technological, social, cultural or other ideas, designs and technologies are implemented to create a highly demanded and competitive product or service.

Start-up
The initial stage of a business based on an innovative idea or new technology. A start-up develops products or services that are suitable for the international market and ensure dynamic business growth.

ICT
Information and communication technology used for apps and other IT solutions.

Innovation sandbox
Innovation sandbox enables businesses to test or assess innovative financial products, financial services or business models according to a special testing plan agreed with the sandbox creators. It is an environment, both physical and digital, with a set of tools enabling those generating ideas as well as project teams and start-ups to work together with the sandbox creators in real time in order to address challenges, explore possibilities and test concepts.

Innovation hub
Ensures cooperation with the competent authority in order to discuss FinTech-related issues (share information and views, etc.) and seek clarification on the conformity of business models with the regulatory framework or on regulatory or licensing requirements (i.e. individual guidance on the interpretation of applicable rules).

Crowdfunding
A type of project funding where money is raised on an online platform from a large number of supporters rather than a single investor. For their investment, participants receive e.g. interest payments.

FinTech (financial technology) company
A company which develops and uses new and innovative technologies in the area of financial services. This leads to the development of new financial products and services or a significant improvement of the existing ones.

Artificial intelligence
An area of computer science that emphasises the creation of intelligent machines which use data analysis and algorithms to make independent judgements, take rational decisions and recognise text, speech, sounds, images, faces, scents, emotions and other features of objects and subjects.

Internet of things
A concept of connecting physical everyday devices in a single network. Internet of things allows devices to receive data and send them to the user and other devices. Thus, they can be operated – controlled, switched on and switched off – remotely.

Mobile technologies
Technologies available on smart devices. These technologies operate by using the device's processor, additional equipment (camera, fingerprint reader, etc.) as well as mobile and wireless networks.

PSD2 (Payment services directive 2)
The primary objective of the directive is to make the financial services market more open and available to new participants. PSD2 establishes new types of service providers authorised by customers to access their account information and even make payments from their accounts. In addition, PSD2 establishes stricter rules for customer authentication.

QR (Quick Response) code
A rectangular module filled with smaller squares in a specific two-dimensional pattern. The module contains encoded information that can be read by using an appropriate device.

Robo-advisors
Applications that combine digital interfaces and algorithms, and can also include machine learning, in order to provide services ranging from automated financial recommendations to contract brokering to portfolio management to their clients.

API (application programming interface)
Software enabling immediate interaction between two systems. Systems use API to transfer information and execute operations on behalf of their users.

Strong authentication
Authentication based on the use of two or more elements categorised as knowledge (something only the payment service user knows), possession (something only the payment service user possesses) and inherence (something the payment service user is).
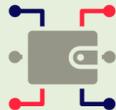
PIS (payment initiation service)
This service allows the user to make payments from his/her own account on a third party's website (e.g., e-shop), without leaving the site, i.e. without performing internet banking authentication.

Virtual wallet
Virtual wallets are created on the user's smart device and secured with strong authentication in order to protect his/her finances in case the devise is stolen or lost.

AIS (account information service)
An online service through which the service user can see account balance information of accounts from various credit institutions in a single application.

Big Tech
Refers to large, globally active technology firms with a relative advantage in digital technology, mostly on account of their market position and a very wide range of users.

Payment system
A money transfer system whose participants agree to uniform and standardised terms and procedures for payment processing and settlement.

Instant payment
A service available within a new payment infrastructure ensuring the execution of interbank payments within a matter of seconds 24/7/365. In August 2017, Latvijas Banka was the first central bank of the Eurosystem to introduce the instant payment infrastructure which has been connected to other European payment systems since November 2017.

Proxy Registry
The Proxy Registry "Instant Links" maintained by Latvijas Banka provides storage of credit institution customer account numbers and mobile phone number links, which allows customers to send each other money, knowing only the mobile phone number.

CDD
Customer due diligence.

eIDAS Regulation
Regulation on electronic identification and trust services for electronic transactions in the internal market (Regulation (EU) No 910/2014).

SupTech (supervisory technology)
The use of technological innovations by supervisory authorities.

AML/CFT
Anti-money laundering and combating the financing of terrorism and proliferation.

RegTech (regulatory technology)
A commonly recognised term for technologies that can be used by market participants to follow regulatory and compliance requirements more effectively and efficiently.
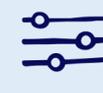
KYC (know your customer)
The term KYC is usually used in the context of AML/CFT when performing customer due diligence.

Data
A character or sequence of characters stored in physical or electronical form. When combined with knowledge, they become information describing the status of a real object.

Cybersecurity
Protection of information systems against the theft of or damage to the hardware, software and data, and protection against the disruptions or changes to the provided services.

Big data
Generally used to refer to large volumes of different types of data, processed with high velocity from many and varied sources.

Distributed ledger technology (DLT)
Distributed ledgers use independent computers, referred to as nodes, to record, share and synchronize transactions in their respective electronic ledgers.

Database
Electronic data that are organised in a pre-defined structure and can be accessed via a database management system.

Data cloud
A virtual data storage infrastructure. With the permission of the user, the data are accessible from physical devices such as PCs, tablets and smartphones that have a connection to the internet.

Smart contract
A contract that is stored on a blockchain and takes effect automatically, once all contract terms have been fulfilled.

Blockchain
A decentralised database; a continuously growing list of blocks (records). Each block contains a time stamp and a cryptographic reference to the previous block. To alter a previously created block, all subsequent blocks would also have to be altered. Therefore, the blockchain technology is secure.

Crypto-assets
Electronic means of exchange, maintained on a decentralised basis. The permanence of executed transactions is ensured and the emission of new units is controlled by means of cryptography.

Virtual asset
A digital representation of value not issued or guaranteed by a central bank or any other public authority. A virtual asset can be stored, traded or transferred electronically. It can be compared with virtual money, e.g., bitcoin.

ICO (initial coin offering)
Public fund-raising campaign which uses crypto assets and involves an issue of new crypto coins or tokens. Crypto coins or tokens are developed and distributed based on the dispersed accounting technology or the blockchain technology.

Global stablecoins
Digital assets with the features of stablecoins, which are created by BigTech companies with great client base. Introduction of such digital assets would, probably, change the existing financial system.

Stablecoins
A type of crypto asset that is created based on an algorithm which is trying to keep the value of the respective stablecoin 1:1 vis-à-vis the value of the "linked" asset.

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